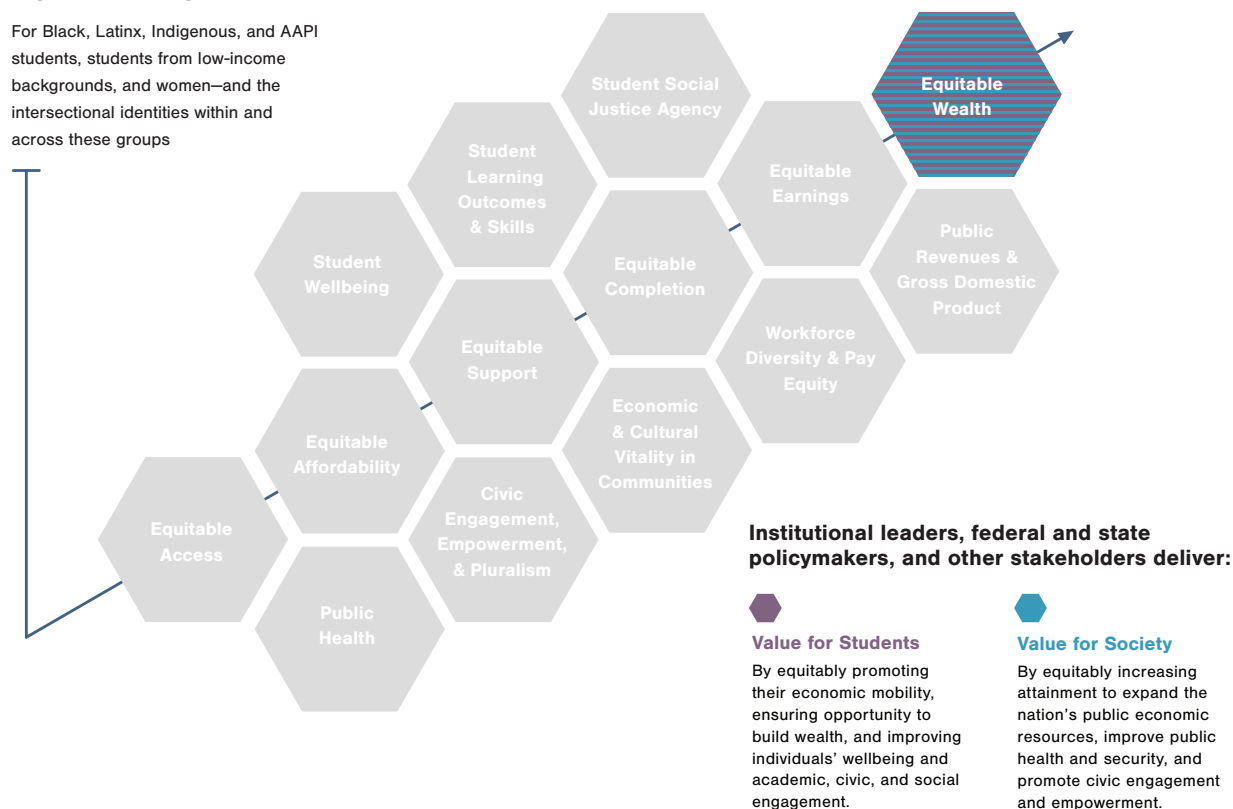


EXPLORING MEASURES OF WEALTH

The Postsecondary Value Framework

Pipeline to Equitable Value

For Black, Latinx, Indigenous, and AAPI students, students from low-income backgrounds, and women—and the intersectional identities within and across these groups



The Postsecondary Value Framework sets wealth accumulation as a key indicator of postsecondary value.ⁱ Wealth offers individuals and families stability to withstand life events and unexpected emergencies, such as economic downturns or unforeseen health crises. By increasing earnings and access to jobs that have wealth-building benefits, postsecondary education can lead to greater wealth accumulation. Alternatively, by requiring students to borrow, postsecondary education can hamper students' wealth-building opportunities through the negative wealth of loan debt.

Postsecondary education's impact on wealth-building is especially salient for students of color, who tend to start a financial step behind their more privileged White counterparts due to the longstanding racial wealth gap. White households hold ten and seven times more wealth than Black and Latinx households, respectively¹—a trend that the COVID-19 pandemic and ensuing economic crisis

ⁱ For additional information, see Chapter 3, including *Defining Student Returns: The Economic Value Thresholds* in: Postsecondary Value Commission. (2021a). Equitable value: Promoting economic mobility and social justice through postsecondary education. Retrieved from: <https://www.postsecondaryvalue.org/wp-content/uploads/2021/05/PVC-Final-Report-FINAL.pdf>

continues to exacerbate.² Moreover, even with similar levels of education, White households have substantially greater wealth than their Black and Latinx counterparts.³

The racial wealth gaps we see today are caused by a confluence of societal factors, some of which are outside of postsecondary education's sphere of influence. Yet, postsecondary institutions and postsecondary policymakers are not powerless actors. For example, Black students and students from low-income backgrounds hold greater amounts of student loan debt compared with their White and high-income peers,⁴ negatively impacting their ability to accumulate wealth at the same rate as their non- or less indebted counterparts.⁵ Policies and practices that address these racial and socioeconomic inequities in borrowing can help narrow societal gaps in wealth accumulation—and financial stability. Failure to do so will further entrench wealth inequality by race.

To investigate the complex and nuanced relationship between wealth and postsecondary education, Fenaba Addo from the University of North Carolina at Chapel Hill brought her expertise to bear for the Postsecondary Value Commission. Addo [details](#) the multi-faceted and cyclical relationship between family wealth, education debt, and wealth accumulation, with a focus on racial disparities in student loan debt burdens and negative repayment outcomes.

Today's publicly available data are insufficient to measure wealth in the way the Postsecondary Value Commission's framework proposes. To address this insufficiency, Addo proposes five ideal criteria for selecting a currently available public dataset to measure wealth. Using these criteria, she categorizes a number of datasets into three tiers of relevancy for the Value framework and explores four top-tier datasets in greater detail: The Panel Study of Income Dynamics: Transition into Adulthood Supplement; National Longitudinal Study 1997 Cohort; Beginning Postsecondary Students Longitudinal Study; and Baccalaureate and Beyond Longitudinal Study.

Through the research and recommendations found in that analysis, the Postsecondary Value Commission aims to inspire the field to delve more deeply into the relationship between wealth and postsecondary education and to work toward improving the field's ability to measure the role that postsecondary education plays in equitable wealth accumulation. To fully address the wealth disparities caused by historical injustices, we will need all of society's institutions—including postsecondary education—to do more to close the gaps that are under their influence. Without institutional leaders and state and federal policymakers each doing their part to deliberately address these postsecondary inequities, individuals and families of color stand to suffer from centuries more of lost potential under our current system.⁶

ENDNOTES

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